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May 1, 1985

Honorable Patsy T. Mink, Chair
and Members of the City Council
City and County of Honolulu
Honolulu Hale
Honolulu, Hawaii 96813

Dear Madam Chair and
Members of the City Counsel:

In the absence of the Chair, who is on the mainland, I am sending to you for your files a copy of the final report and salary schedule of the Salary Commission.

Kindly note the urgency required in amending the existing ordinance before July 1, 1985 as to the automatic tie-in of various salaries with the salary of the Prosecuting Attorney. Otherwise there will be an automatic "ripple-down" costing roughly \$189,000.00 per year commencing July 1, 1985 which is contrary to the wishes of the Prosecuting Attorney and everyone else who testified. The correction of this situation was beyond the powers of the Salary Commission, as is discussed on pages 7 and 8 of the enclosed final report.

It has been our pleasure to give this public service, and you may be sure of our appreciation for the opportunity to serve.

Aloha,



William A. Stricklin

WAS/sz
Enclosure

Dept. Com. No. 451

Referred to 11-1-85

Rept 11-1-85 Res 11-1-85 Bill 11-1-85

SALARY COMMISSION OF THE CITY AND COUNTY OF HONOLULU
An independent salary commission to review and
establish the salaries of all elected officials
including the mayor, council members, and the
prosecuting attorney

HONOLULU, HAWAII

FINAL REPORT AND SALARY SCHEDULE

ENCL. TO D 101

SALARY COMMISSION OF THE CITY AND COUNTY OF HONOLULU
Honolulu, Hawaii

INTRODUCTION

The Salary Commission of the City and County of Honolulu herewith submits the final report on its three-month study to review and establish the salaries of all eleven (11) elected officials of the City and County of Honolulu, including the mayor, council members, and the prosecuting attorney. The Revised Charter of the City and County of Honolulu 1973 (1984 Edition) created an independent salary commission to review and establish the salaries of all elected officials including the mayor, council members, and the prosecuting attorney.

In November 1984 the proposed Charter amendment was approved by the majority of electors, and Charter has been amended by adding a new Section 3-123 to Chapter 1 of Article III which states in pertinent part:

Section 3-123. Salary Commission

1. The salaries of all elected officials including the mayor, councilmembers, and the prosecuting attorney, shall be established by an independent salary commission which shall consist of seven members. The mayor shall appoint three members; the council shall appoint three members; and the seventh member shall be appointed by the mayor and confirmed by the council. The commission shall elect a chairperson from among its members and the commission shall act by a majority vote of its membership. Any vacancy shall be filled in the same manner as for an original appointment.

2. The commission shall be appointed on January 15, 1985. The commission shall convene and establish salary schedules no later than the first day of May subsequent thereto. The new salaries shall be retroactive to January 1, 1985.

3. The commission shall set salaries in accordance with the principles of adequate compensation for work performed, and preservation of a sensible relationship with the salaries of other city employees.

4. The commission shall establish its rules of procedures and adopt rules and regulations pursuant to law.

5. The commission shall employ consultants and staff as is necessary to assist it in the performance of its duties.

6. The members of the salary commission shall serve without compensation but shall be reimbursed for expenses, including travel expenses necessary for the performance of their duties.

Background and Data Gathering

The Commission held regular scheduled meetings on February 26, March 5, 12, 19 and 26, April 2, 9, 16, 23 and 30, 1985 and held public hearings on March 30, 1985 and April 18, 1985 to collect relevant data for its evaluation and to establish its rules.

The Commission solicited the testimony of the elected officials as to work performed, the adequacy of compensation and the relationship of their salaries with those of other city employees so as to be able to fulfill the Charter mandate that the Commission shall set salaries in accordance with the principles of adequate compensation for work performed, and preservation of a sensible relationship with the salaries of other city employees. In response to the Commission's request, oral or written testimony was received from the prosecuting attorney, seven members of the City Council, and members of the public. Testimony is on file in the Municipal Records and Reference Center of the City and County of Honolulu.

With the assistance of two legislative analysts, a staff attorney and a secretary, the Commission reviewed and evaluated the foregoing testimony as well as private industry data provided by The Chamber of Commerce of Hawaii, and data from the U. S. Bureau of Labor Statistics, the U. S. Department of Commerce, the National League of Cities, and the International City Management Association. Additionally the Commission reviewed neighbor island information and various publications and reports.

We received the information for mainland cities with populations of 500,000 to 1,000,000, which have the Mayor-Council forms of government: (Honolulu now has a population of around 800,000.) The table below illustrates information gathered mainly through a telephone survey completed by Salary Commission staff.

<u>City</u>	<u>Population*</u>	<u>Mayor's Salary</u>	<u>Council Salary</u>	<u>Prosecutor's Salary</u>	<u>1982 Per Capita Personal Income</u>
Baltimore	787,000	\$50,410	\$23,000	\$50,000	\$11,560
Indianapolis	701,000	\$67,500	\$ 7,199	\$50,000	\$11,236
San Francisco	679,000	\$93,834	\$23,928	\$81,536	\$17,131
Memphis	646,000	\$60,000	\$ 6,000	\$46,500	\$ 9,968
Washington D.C.	638,000	\$78,630	\$45,655	\$63,700	\$14,960
Milwaukee	636,000	\$74,393	\$31,390	\$51,084	\$12,597
Cleveland	574,000	\$60,770	\$25,155	\$53,092	\$12,757
Columbus	565,000	\$60,000	\$15,000	\$55,000	\$10,629
Boston	563,000	\$65,000	\$32,500		\$13,086
New Orleans	558,000	\$59,868	\$29,500		11,680
Jacksonville	541,000	\$59,856	\$17,364		\$10,483
San Diego**	876,000			\$79,830	\$11,638
Average		\$66,397	\$23,335	\$58,971	

*Source: Municipal Yearbook - 1984

**Note: San Diego has a Council/City Manager form. of government.

MAYOR'S SALARY

Range \$50,410 to \$93,834
Average \$66,387

COUNCIL SALARY

Range \$6,000 to \$45,655
Average \$23,335

PROSECUTOR'S SALARY

Range \$50,000 to \$81,536
Average \$58,971

PART I. City Council Salaries

Members of the City Council presently are paid \$17,500.00 per year, and the Chair is paid \$19,250.00 in keeping with the tradition that the Chair receive 10% more. Differences of opinion were apparent in the testimony of these elected officials, one contending that \$17,500.00 was adequate since the position as he viewed it is only "part time". Other testimony was that the work is "full-time".

In connection with the Commission's evaluation of salaries of the members of the City Council, the Commission studied, among other things, the final reports of the Citizens' Advisory Committee on a Full Time Council, dated May 28, 1976 and June 29, 1978, and the salary determination study of Dr. Lane Kelley also dated June 29, 1978. The 1976 Committee concluded that the work of the City Council was de facto "full time". The Salary Commission does not take a position on this matter. The Commission gave consideration to the fact that the Charter Commission intended to create a strong mayor-strong council form of government.

The Salary Commission found that since 1975 the salaries of the members of the coordinate legislative body have not increased at all.

The members of this 1985 Salary Commission are charged with setting salaries for the elected officials which are "in accordance with ... adequate compensation for work performed." We are not to take advantage of the willingness of rare individuals to serve our city because of a high sense of public duty even at personal economic sacrifice. We are to give fair pay for the work done by these elected officials.

In evaluating the effect of inflation on the salaries of members of the City Council we considered the rate of inflation from 1975 to 1984 and the table below:¹

<u>Year</u>	<u>Inflation Index</u>	<u>Increase</u>	<u>Projected Salary</u>	<u>Actual Salary</u>
1975			17,500.00	17,500.00
1976	5.0	875.00	18,375.00	17,500.00
1977	5.0	918.75	19,293.75	17,500.00
1978	7.7	1,485.62	20,779.18	17,500.00
1979	11.1	2,306.49	23,085.67	17,500.00
1980	11.7	2,701.02	25,786.69	17,500.00
1981	10.5	2,707.60	28,494.29	17,500.00

¹ U.S. Bureau of Labor Statistics

<u>Year</u>	<u>Inflation Index</u>	<u>Increase</u>	<u>Projected Salary</u>	<u>Actual Salary</u>
1982	6.0	1,709.66	30,203.95	17,500.00
1983	2.2	664.49	30,868.44	17,500.00
1984	4.1	1,265.61	32,134.05	17,500.00

PART II

PROSECUTING ATTORNEY'S SALARY

The Commission considered salaries paid to public officials on the mainland whose duties were comparable to the duties of the prosecuting attorney of the City and County of Honolulu. The Commission considered a number of cities with a population of 500,000 to 1,000,000. The Commission found a salary range of \$50,000 to \$81,536.

The testimony of the prosecuting attorney of the City and County of Honolulu made it clear to the Commission that in the City and County of Honolulu attorneys in private practice with comparable education and professional attainments are being compensated at substantially higher rates than the prosecuting attorney.

In evaluating the effect of inflation on the salary of the prosecuting attorney, we considered the rate of inflation from 1975 to 1984 and the table below:

<u>Year</u>	<u>Inflation Index</u>	<u>Increase</u>	<u>Projected Salary</u>	<u>Actual Salary</u>
1975			35,245.00	35,245.00
1976	5.0	1,762.25	37,007.25	35,245.00
1977	5.0	1,850.36	38,857.61	38,057.00
1978	7.7	2,992.04	41,849.65	39,876.00
1979	11.1	4,645.31	46,494.96	42,924.00
1980	11.7	5,439.91	51,934.87	46,200.00
1981	10.5	5,453.16	57,388.03	49,896.00
1982	6.0	3,443.28	60,831.31	54,888.00
1983	2.2	1,338.29	62,169.60	54,888.00
1984	4.1	2,548.95	64,718.55	56,532.00

PART III

MAYOR'S SALARY

In considering adequate compensation for the mayor of the City and County of Honolulu, the Commission again evaluated salaries paid to the mayors of selected mainland cities with a mayor/council form of government and with populations of 500,000 to 1,000,000. Salaries ranged from \$50,410 to \$93,834.

As in the cases of the City Council and the prosecuting attorney, the Commission considered the effect of inflation on the 1975 salary of the mayor of the City and County of Honolulu:

<u>Year</u>	<u>Inflation Index</u>	<u>Increase</u>	<u>Projected Salary</u>	<u>Actual Salary</u>
1975			44,903.00	44,903.00
1976	5.0	2,245.15	47,148.15	44,903.00
1977	5.0	2,357.41	49,505.56	46,049.00
1978	7.7	3,811.93	53,317.49	48,252.00
1979	11.1	5,918.24	59,235.73	51,948.00
1980	11.7	6,930.58	66,166.31	55,908.00
1981	10.5	6,947.46	73,113.77	60,372.00
1982	6.0	4,386.83	77,500.60	66,400.00
1983	2.2	1,705.01	79,205.61	66,400.00
1984	4.1	3,247.43	82,453.04	68,500.00

PART IV

CONCLUSIONS

The Commission is charged with the obligation of fixing salaries for the City's elected officials which are in accordance with the preservation of a sensible relationship with the salaries of other City employees. The Commission does not conclude that this necessarily requires the Commission to unfairly depress the salaries of the eleven (11) elected officials and thereby to violate another mandate of the Charter that the Commission is to determine salaries for the elected officials which fairly and adequately compensate them for the work which they perform for the City and County of Honolulu.

We carefully considered among other things, the mainland salary information and the projections based on the rate of inflation. Obviously, no one of these factors was determinative of a fair and adequate salary for each of the elected officials. For example, in the case of the mayor and the council members, the salary projections based on the rate of inflation are grossly out of proportion to salaries paid in comparable mainland cities. For the mayor, this amount is \$82,453, compared to a mainland average of \$66,387. For the council, this amount is \$32,134, compared to a mainland average of \$23,335. For the prosecutor, the amount is \$64,719 compared with the mainland average of \$58,971.

The Commission gave consideration to the fact that the cost of living in Honolulu is more than 20% higher in Honolulu than in the average mainland city. A computation based on a cost of living differential of 22.5%, used by the Federal Government in compensating civilian employees in Hawaii, the salaries of the mayor and council members would be:

	<u>Mainland Average</u>	<u>With 22.5% COLA</u>
Mayor's Salary	\$66,387	\$81,324
Council's Salary	\$23,335	\$28,623
Prosecutor's Salary	\$58,971	\$72,239

During its deliberations, the Salary Commission spent considerable time discussing the effect of an increase in the Prosecuting Attorney's salary on the salaries of the Deputy Prosecuting Attorneys. The Commission was advised that under existing law (Section 6-3.1 of the Revised Ordinances of Honolulu 1978), the Prosecuting Attorney sets the salary ranges and schedules of the Deputy Prosecuting Attorneys and law clerks in the Department of the Prosecuting Attorney. The law further provides that the salary range and schedule of the highest ranking Deputy Prosecuting Attorney be five percent less than that of the Prosecuting Attorney and that a five percent differential be maintained between subsequent salary ranges and schedules in descending order. The Prosecuting Attorney, however, has the authority to modify these ranges. Thus, in deciding to raise the Prosecuting Attorney's salary, the Commission relies upon the representation of the Prosecuting Attorney that he will exercise his authority to set the salary ranges and schedules of the Deputy Prosecuting Attorneys to avoid automatic salary increases for

the Deputy Prosecuting Attorneys, except for the increase in the salary schedule of the highest ranking Deputy which by law is to be five percent less than the salary of the Prosecuting Attorney. The Commission has therefore set a salary schedule for the Prosecuting Attorney which will remain at its present level as of January 1, 1985 and will be increased to the level stated below effective July 1, 1985. This approach would afford the City Council time to amend the ordinance governing the salaries of the Deputy Prosecuting Attorneys to eliminate any automatic increases if that is the desire of the City Council.

In context of preserving a sensible relationship in the salaries of the elected officials as well as the salaries of other city employees, the Commission determined the following salary schedules for the elected officials of the City and County of Honolulu:

Mayor	\$ 75,000.00
Prosecuting Attorney	
Effective January 1 through	
June 30, 1985	\$ 56,532.00
Effective July 1, 1985	\$ 63,912.00
Chair, City Council	\$ 30,000.00
Member, City Council	\$ 26,400.00

The Salary Commission is concerned that several years may elapse before another salary commission is convened or charter amendment is adopted which will provide for salary adjustments for the City's elected officials. The salaries which the Commission sets herein and which adequately compensates the elected officials for the work done by these officials at this time may become excessive or deficient in the intervening years before a new salary commission is convened or applicable law changed. Accordingly, the salaries as set forth above shall be recomputed on January 31, 1986 and on each January 31 thereafter for four (4) years in the manner set forth in Exhibit "A". Such recomputed salaries shall become effective on July 1, 1986 and on July 1 of each year thereafter for four (4) more years (i.e., there shall be a total of five (5) such annual adjustments).

One might construe the legislative history of Section 3-123 of the City Charter (there is little there) to suggest that an error of judgment possibly occurred as to the May 1, 1985 termination of the only body empowered to make salary adjustments for the eleven (11) elected city officials. So as to assure equitable inflationary and

deflationary adjustments (both up and down) within a limited range of 4% in any fiscal year (not cumulative) we compromised our various positions in order to arrive at some equitable middle ground. In addition to the limit of 4% per year, we imposed a five (5) year limit on any upward or downward adjustments of the eleven (11) salaries so as to deal with our concern that such automatic adjustments might accrue each year in the manner of the foregoing inflationary adjustment tables considered by this Commission, devoid of the periodic citizens' review which more appropriately should occur. We must leave to the voters of the City and County of Honolulu the re-establishment of another salary commission from time to time in order to make subsequent salary adjustments when appropriate.

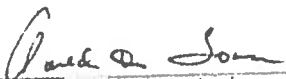
It is our intention that each of these eleven (11) elected officials be provided with suitable transportation strictly in the performance of public duties, security, office, staff and supplies as appropriate and reimbursement of out-of-pocket expenditures ordinarily and necessarily incurred in public duties, as well as retirement benefits and other benefits as may be determined from time to time by law.

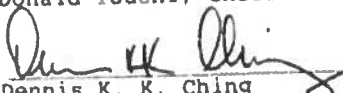
In accordance with the authority vested in the Salary Commission by the City Charter, it is the conclusion of the Salary Commission that the salaries of the eleven (11) elected public officials shall be established as stated in this Part IV above, retroactive to January 1, 1985 and continuing thereafter at the stated amounts until duly revised.

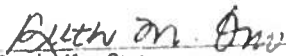
This final report and salary schedule dated April 30, 1985, represents the final, entire statement of the conclusions of the Salary Commission with respect to the establishment of the salaries of all elected officials of the City and County of Honolulu, and it governs and supersedes all prior drafts, reports, discussions, public statements and tentative positions taken by the Salary Commission, its Chair or any of its officers or members.

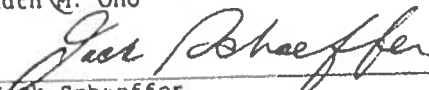
IN WITNESS WHEREOF the undersigned members of the Salary Commission have signed the foregoing report and salary schedules as of April 30, 1985.

Respectfully submitted,


Donald Touchi, Chair


Dennis K. K. Ching


Ruth M. Ono


Jack Schaeffer

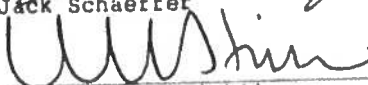

William A. Stricklin

EXHIBIT "A"

The recomputed salary shall be the lesser of (1) and (2) below; provided, however, that if the lesser of (1) and (2) below is (i) more than 104% in the case of an increase of the salary which the elected official is entitled to receive on January 31 of each year, the recomputed salary for that year shall nonetheless be 104% of that entitlement and no more or, as the case may be, (ii) less than 96% in the case of a decrease of the salary which the elected official is entitled to receive on January 31 of each year, the recomputed salary for that year shall nonetheless be 96% of that entitlement and no less:

- (1) The amount determined by increasing or decreasing the salary which each elected official is entitled to receive on January 31 of each year by the percent change in the Consumer Price Index, All Urban Consumers (all items - United States city average) published by the United States Bureau of Labor Statistics for October of the preceding year over the Index published for October of the year prior to the preceding year.
- (2) The amount determined by increasing or decreasing the salary which each elected official is entitled to receive on January 31 of each year by the percent change in the Consumer Price Index, All Urban Consumers for Honolulu (all items) published for October of the preceding year over the same Index published for October of the year prior to the preceding year.

In the event that the consumer price index used in either (1) or (2) above should cease to be published for October, the consumer price index for the last month published prior to January 31 of any year shall be compared to the same month in the preceding year and the percent change used to compute (1) and (2); provided, however, that the same month shall be used for computing (1) and (2) in any year.

In the case of the first such recomputed salary for the Prosecuting Attorney, the Prosecuting Attorney's salary as of July 1, 1985 shall be used as a base, not January 31, 1985.